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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 001286

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SUBJECT: CROSS-STRAIT SCHOLAR PREDICTS LOOSENING TIES
BETWEEN UNITED STATES AND TAIWAN

Classified By: Director Stanton. Reasons 1.4 (b/d)

¶1. (C) Summary. One prominent cross-Straits scholar told AIT he foresaw that shifts in &three pillars of U.S.-Taiwan relations -- educational, economic and political/military ties -- would likely loosen our bilateral bonds. Arthur Ding, Research Fellow at the Institute of International Affairs at National Chengchi University, also said he feared little could be done to prevent a long-term trend of weakened bilateral ties. End Summary.

Educational, Cultural and Social Ties

¶2. (C) In an October 27 meeting with PolOff to discuss cross-Straits relations, Arthur Ding, an expert on Chinese security issues and cross-Straits confidence building measures, said he noted shifts in what he described as the &three pillars of U.S.-Taiwan relations and predicted bilateral ties would erode as a result. Ding, who also is deputy executive director of a new strategic studies center funded by the MacArthur Foundation, said the first pillar of concern was educational exchange. He highlighted the lower number of Taiwan students seeking advanced degrees in the United States and expressed concern it would loosen cultural and social ties with the United States. He noted that in the past two generations almost all Taiwan students who studied abroad went to the United States, where many stayed on to work. Those who returned accounted for much of Taiwan's current leadership, including President Ma Ying-jeou. However, only about half of Taiwan students abroad were now in the United States, Ding said. Many others were going to Europe, where governments extended tuition-free education to foreign students.

Economic Ties

¶3. (C) Ding expected China and Europe would grow as markets for Taiwan's export-oriented businesses, a development he said should erode U.S.-Taiwan economic ties. In particular, he said China's economic influence on Taiwan should increase at the expense of the United States as cross-Straits agreements on finance and trade were negotiated and as Beijing opened its domestic market. The reorientation of Taiwan businessmen toward China was inevitable given the rapid pace of China's economic growth and the geographic

proximity of Taiwan to its potentially massive market,
according to Ding.

Political and Security Ties

14. (C) While acknowledging no current evidence of changes in the U.S.-Taiwan political and security relationship, Ding cautioned that with the loosening of cultural and social bonds and the probable loosening of economic ties, it might be inevitable that political and security relations also would weaken. The academic argued that the perception of some Taiwan people of an unequal relationship with the United States would further hasten the rift.

Comment: "Pillars" Not as Vulnerable as Academic Suggests

15. (C) Comment: AIT does not believe the prospects for U.S.-Taiwan relations are nearly as gloomy as Ding suggests. On the contrary, President Ma and other Taiwan officials have repeatedly told us that warming cross-Straits relations make stronger ties with the United States imperative to ensure Taiwan does not become overly dependent on China. Taiwan leaders are keenly interested in a number of measures to enhance relations with the United States, including a Trade and Investment Framework Agreement (TIFA) and an extradition pact. Furthermore, the existing "pillars" are not as wobbly as Ding suggests. Just as one example, the number of Taiwan students going to the United States has held fairly steady in

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recent years and is up from its nadir after 9/11.
STANTON